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who have been hitherto unable to agree with him as to the extent and importance of this influence, while acknowledging the direction of it, will remain unconvinced by this later presentation. The author is in accord with former Secretary Cortelyou, who held that so long as the subtreasury system shall retain a legal existence, the head of the treasury must regard his department as the proper and necessary safety valve in periods of monetary difficulty.

A few statements are not correct: e.g., the lowest denomination of gold certificates is not at present \$20 (pages 100 and 109), and treasury notes of 1890 are no longer exchanged for silver bullion (page 100). It is a pity to publish the volume without an index.

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*Lombard Street.* By WALTER BAGEHOT. Revised with introduction by HARTLEY WITHERS. (New York: Dutton and Company. Pp. xxviii, 372. 1910).

If one were writing a review of a new edition of the *Wealth of Nations* for an economic journal he would hardly have the temerity to dwell on the content of the original text. In a similar attitude one must approach the masterpiece of Bagehot. In the field of banking and credit of the early seventies, Bagehot performed much the same service that Smith did in the larger field of production and exchange of a century before. Each painted a faithful picture of a complex subject, for the most part inscrutable to his intelligent contemporaries. The student today finds it hard to appreciate the significance of either of these works simply because the principles there expounded have become matters of general knowledge and acceptance by reason of the accuracy and completeness of their exposition.

The editor of this thirteenth edition has at no place disturbed the work of Bagehot, but by a series of notes has brought facts and statistics down to date. In an interesting introduction he has drawn attention to the changes which have taken place in British and world finance in the space of nearly forty years that have passed since *Lombard Street* was written. Most striking has been the change that has come in the relations of the Bank of England. From a commanding position as the central force in maintaining the gold standard, when inconvertible paper was almost everywhere dominant outside of Great Britain, it has come to be

merely one of the great credit institutions whose primacy today is largely the result of tradition and sentiment.

The salient points in the changed situation locally have been the growth of the joint stock banks; the practical loss of control over the discount market; and the relatively insignificant circulation of its banknotes.

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*The Canadian Banking System.* By JOSEPH FRENCH JOHNSON. National Monetary Commission, Senate Doc., No. 583, 61 Cong., 2 Sess. (Washington. 1910. Pp. 185.)

In this monograph Professor Johnson has discharged the task imposed upon him by the National Monetary Commission in a fashion which compels praise. The book is a singularly luminous and searching description of banks and banking practices north of the Dominion border, illustrated here and there by a dip into recent history, augmented by an abundance of charts and tables, and enforced by judicious comparisons of methods and conditions south of the line. One after the other, there are discussed the essentials of the system, the methods of Canadian bank management, the make-up of the principal loans and discounts, the character of the deposits (two thirds of the chartered bank liabilities on this score being "savings" deposits bearing interest) and the constituents and quality of the liquid reserve. One chapter is devoted to the study of the broader aspects of the system's operation, the advantageous position of the older banks, the persistence of competition between the banks, the curiously even distribution of loanable capital and credit throughout the Dominion and the fluctuations in the volume of note issues outstanding. In another chapter, based on the experiences of 1907, is analyzed the movement of bank loans and reserves in time of stress, and in a third, are set forth divers criticisms, some favorable, some adverse, of the forms which, under late legislation and commercial development, the Canadian practice has assumed.

Of the many examples of felicitous exposition, none is more engaging, perhaps, than that in which the author shows how, under the Canadian plan of competitive note issue against general credit, with each competitor issuing at a number of offices, regular redemption of the notes affords a complete guarantee against a redundancy, and the self-interest of the issuers insures, automati-